

FX – INTERBANK RATE:

31-AUG	OPEN	HIGH	LOW	CLOSE	Last Day Close
READY	104.81	104.82	104.78	104.79	104.82

✓ **Forecast for tomorrow:**

As per today's activity, we expect the market to continue to trade within the range of **104.75/104.90**

FX MARKET:

- ✓ The exchange rate moved slightly lower on the day.
- ✓ Swaps started the day with the premiums moving slightly higher as the rupee liquidity remained tight on the back of an absence of an OMO injection into the markets. The markets traded up by a few paisa's in the longer tenors, and even though the market did see some selling pressure mid-session, these losses were recouped by the end of the trading day.
- ✓ Yesterday, Pakistan and ADB signed a loan agreement of \$197.85mn for Sindh roads improvement project.
- ✓ The federal cabinet is likely to approve restoration of Pakistan-Iran banking relationship with the view to significantly boost bilateral trade.

MONEY MARKET:

- ✓ SBP issued the numbers of M2 Growth for the week ended 19th August, 2016. According to SBP, M2 posted negative growth by 1.74% on YoY basis.
- ✓ Today SBP conducted its 5th MTB Auction for FY16/17, where the target amount is Rs200bn while the maturity amount is Rs167.76bn. The total bid participation is recorded more than the target amount Rs309.60bn. The total bid participation amount is divided in 3, 6 and 12-month tenor are Rs122.50bn, Rs141.50bn and Rs45.60bn respectively. We expect rise in cut-off yields.

5th MTB Auction Result

As per our Expectation based on Bid Participation

Maturity Period	Cut-off Yield	Weighted Avg Yield	Realized Value (Rs, bn)	Face Value (Rs, bn)
3-Months	5.9017%	5.8761%	105.623	107.052
6-Months	5.9471%	5.9154%	116.319	119.75
12-Months	5.9485%	5.9200%	36.452	38.604
Total			258.394	265.406

- ✓ Today MM initiated at 5.75%-5.90% and traded whole day with in the range of 5.85%-6.25% and expected to close at same.

PERIOD	SWAP	Change in Premiums	Swap Implied PKR Yield
1-WEEK	0.0863	0.0113	4.7%
2-WEEK	0.1750	0.0250	4.5%
1-MONTH	0.3700	0.0050	4.7%
2-MONTH	0.7550	0.0050	4.9%
3-MONTH	1.1225	0.0025	5.1%
4-MONTH	1.4900	0.0200	4.6%
5-MONTH	1.8600	0.0150	4.6%
6-MONTH	2.1700	0.0050	5.3%
12-MONTH	4.2500	-	5.6%

Economic Indicators			
Forex Reserves	18-Aug-16	USD bn	23.081
CPI- MoM	1-Jul-16		0.40%
CPI- YoY	1-Jul-16		4.12%
M2 Growth	FY17 YTD		-1.07%
SBP Target Rate	FY17 YTD		5.75%
SBP Discount Rate	FY17 YTD		6.25%
FDI	1MFY17	USD mn	64.3
Home Remittance	1MFY17	USD bn	1.328
Current A/C Def.	1MFY17	USD mn	591
Trade -Deficit	1MFY17	USD bn	1.588
Govt. Domestic Debt	As at 31-12-2015	Rs trn	13.188
External Dbt	As at 30-09-2015	USD bn	55.609
KSE-100 Index	8/3/2016	Pts	39,615.76

Money Market			31-Aug-16	
	KIBOR		PKRV	
1-Month	5.70%		5.81%	
3-Month	5.73%		5.79%	
6-Month	5.74%		5.78%	
12-Month	5.76%		5.79%	

PIB'S Auction Date		
Tenor	25-Aug-16	31-Aug-16
	Cut Off Yields Bid/Ask	
2-Years	-	6.00/5.92
3-Years	6.2000%	6.18/16
5-Years	6.7017%	6.68/66
10-Years	7.8005%	7.78/76

T-Bills Auction Date		
Tenor	18-Aug-16	31-Aug-16
	Cut Off Yields Bid/Ask	
3-Months	5.8571%	5.85/82
6-Months	5.9046%	5.90/87
12-Months	5.9148%	5.91/88

Commodities 31-August-16

Crude Oil Recommendation		
Technical Level	Long@	Short@
Entry level	46.00	-
Stop loss	44.00	-
Take profit	49.00	-

Gold Recommendation		
Technical Level	Long@	Short@
Entry level	1,320	1,360
Stop loss	1,295	1,390
Take profit	1,355	1,320